

The National Bank of Roumania was founded in 1880, with special privileges at first for twenty years, which were soon extended to December 31, 1912. The capital is 30,-000,000 lei (\$6,000,000) of which 12,000,000 lei have been paid in. A third of the capital was furnished by the government and the other two-thirds by individuals, but the government in 1900 sold its shares at a large advance. A metallic reserve of at least one-third of the note issues is required and no bill can be issued below twenty lei (\$4). The entire circulation must be covered by securities which are readily negotiable, but thirty per cent, of the metallic reserve may be represented by foreign bills of exchange.<sup>1</sup>

The government of Roumania issued paper money soon after its establishment in 1878, guaranteed by the public domains, to the amount of 26,200,000 lei, and the National Bank was charged in 1886 with the withdrawal of this paper and the substitution of its own notes. The amount of this special issue was gradually retired and the bank was reimbursed by the government. Financial difficulties again arose in 1901, however, from which the bank aided in extricating the state, in return for an extension of its charter to 1920. A further extension to 1930 was purchased by an advance of 15,000,000 lei, which the state is required to reimburse in part from its share in the profits of the bank. The shareholders are entitled to a dividend of six per cent before the state steps in and takes twenty per cent, of what remains, but after 1913 the state will take thirty per cent.<sup>3</sup>

At the time of the creation of the bank in 1880, it was not known whether the monetary standard would be established ultimately on a silver or gold basis, but the bank gained strength so rapidly that it readily accepted in 1892 an arrangement with the government by which the reserve was

<sup>1</sup> Le\*vy, 225. The gold standard was adopted in Roumania by the law of March 2, 1890. The unit in the three Slavic countries is the equivalent of the French franc (\$0.193).

<sup>2</sup> *Economiste Européen* ^ March 13, 1908, XXXIII., 329.